

Selecting a Contractor

Make sure they are experienced in your project type

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You should have full control over the selection process. Make sure your contractor is representing your best interests and not those of others. This article will help guide you through the contractor selection process, even if you have absolutely no experience with previous projects.

When leasing, be wary of landlords and leasing agents. Sometimes leasing agents, landlords or building owners will try to provide a contractor for you, but don't be billed into using theirs. You want an experienced contractor who represents you; not the building owner. Most times, you have **full** control over this process; just write it into your lease. And before using any contractor, make sure you check their references and experience.

Who's in Charge?

Most times, it is best to have an experienced architect lead your project, but often others lead projects including landlords, developers and contractors. Architects know more about your business and goals than any other member on the project team and they were hired to represent you. In projects where landlords or developers hire the architect, remember they work for them and are looking out for their best interests; not yours.

Make sure that whichever contractor you choose is a willing team member; ready to work on a team with you and your architect.

Six Steps in Selecting a Contractor

1. Get recommendations.

One of the best ways to select a contractor is to seek out personal recommendations from friends or

associates who recently had work of the type you want completed by a licensed contractor. Also, architects can be a wonderful resource for recommendations as many have worked closely with established contractors; many being able to describe the successes of past relationships and projects.

2. Check the contractor's license.

Is the contractor properly licensed? There are many obvious and legal reasons to use a licensed contractor in your state. Ask to see the contractor's pocket license and some additional form of identification. The pocket license name should match the name of the contractor or the business name.

3. Call your state to verify the license is valid.

Call your state or go to your state's licensing web site and compare their information to that provided on the web site. Question your contractor with any discrepancies.

4. Check the contractor's references.

Ask the contractor for local references; and most importantly, call a select few and ask if they were satisfied with the contractor's work. Good contractors will be proud to take credit for their work. If possible, go out and look at finished projects. Also, if possible, try to find jobs in progress to see how the contractor works and to speak with the business owner about work habits, inconveniences, and the sensitivity of the contractor to the working needs of the business. Remember that the person you hire to work in your business will be a

part of your business until the job is completed.

When speaking to the contractor's customers, ask such questions as:

- Did the contractor keep to the schedule and the contract terms?
- How did the contractor deal with changes to the project?
- Were you pleased with the work and the way it was done? What would you do differently knowing what you know now?
- How did the contractor deal with conflict resolution?
- Would you hire the contractor again?

Call architects, engineers and sub-contractors the contractor has worked with in the past and ask them how the process went. For healthcare projects, you should have a minimum of 3 strong references from past architects who have worked with the contractor.

In addition, if practical, get references from material suppliers, subcontractors, and financial institutions the contractor has worked with in the past. Verify the contractor is financially responsible. Physically verify the address of the contractor's business location and business telephone number. You do not want to work with a contractor who operates a business out of the back of a pickup truck with a cell phone for obvious reasons.

You may get additional information about a contractor at the local building department, trade association, union, local consumer protection agency, or the Better Business Bureau. Call these organizations to see if they have information about the contractor you are considering. Question them about contractor complaints and performance.

Do not be fooled by a smooth talking contractor. Take the time and effort to insure that the contractor you select is going to perform in a professional manner.

5. Verify workers' compensation and liability insurance coverage.

Personally verify the contractor's workers compensation and liability insurance coverage. Ask the contractor if the company is insured against claims covering workers' compensation, property damage, and personal liability (in case of accidents). Ask to see a copy of the certificate of insurance, or ask for the name of the contractor's insurance carrier and agency to verify that the contractor has this insurance. If a worker is injured working on your project and the contractor does not have insurance, you may be the one who is responsible to pick up the bill for an injured worker's injuries and rehabilitation. Don't let your businesses insurance policy become your contractor's liability coverage!

6. Check the status of the contractor's bond

Some bonds are designed to protect you against substandard work that does not comply with local building codes. But bonds do not assure the financial or professional integrity or competency of a contractor. For example, they do not cover situations such as a contractor who leaves an unfinished job. Bonding is generally required for large jobs financed by institutional lenders such as savings and loans, insurance companies or commercial banks. In addition, many owners and lenders as well as other contractors require bonding. Bonds can be obtained from bonding companies for a percentage of the contract price. This should be recognized as a cost of doing business when a bid is submitted.

Bonds may be classified as:

- **Contractor's License Bond** - A bond with a surety company or a cash deposit with the state is most often required of all licensed contractors. This bond is not a guarantee of performance, competency, or financial responsibility for the contractor.
- **Performance Bonds** - This bond guarantees a project's completion according to the building plans and specifications. If a job is abandoned or the construction work is unacceptable, the bonding company has options to either hire another contractor to finish the work or settle for damages.
- **Payment Bonds** - This bond assures the owner that no liens for labor and material will be filed against the property.
- **Contract Bonds** - This bond guarantees both job completion and payment of all labor and materials.

In general, bonding companies will not have to pay more than the face amount of the bond. Be aware that some bonding requirements might keep new contracting businesses from bidding on certain projects, as these companies are unverifiable risks. Contractors practice sound business techniques in order to qualify for most bonding.

Contracts

Ask your contractor for a draft copy of a contract. Have your architect and/or your attorney review it. This can help remove unknowns down the road.

And finally...

Hire someone who is experience in your project type; someone you trust; and someone you can work well with. Most construction problems are communication-based. You should be able to have a good

rapport with the contractor's project manager and superintendent.